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June 14, 2006

RECEIVED

JUN 14 2006

PUBLIC SERVICE
COMMISSION

Ms. Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602-0615

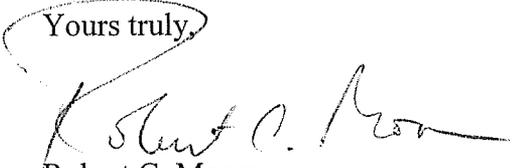
Re: Farmdale Development Corporation: Case No. 2006-00028

Dear Ms. O'Donnell:

Enclosed please find the original and eleven copies of a Motion of Farmdale Development to File Amendment to Application for Rate Adjustment in the above referenced case. Please stamp file one copy and return to me in the enclosed, self-addressed stamped envelope. Thank you for your assistance in this matter.

Please contact me if you have any questions.

Yours truly,


Robert C. Moore

Enclosures

RCM/neb

cc: Carroll Cogan

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
JUN 14 2006
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COMMISSION

IN THE MATTER OF:

THE APPLICATION OF FARMDALE DEVELOPMENT CORPORATION
FOR ADJUSTMENT IN RATES

Case No. 2006-00028

**MOTION OF FARMDALE DEVELOPMENT CORPORATION TO FILE
AMENDMENT TO APPLICATION FOR RATE ADJUSTMENT**

Comes the Applicant, Farmdale Development Corporation (Hereinafter "Farmdale"), by counsel, and for the following reasons, moves the Commission for permission to amend its Application for Adjustment in Rates Pursuant to The Alternative Rate Filing Procedures for Small Utilities.

1) On or about January 19, 2006, Farmdale filed the above-styled Application for an Adjustment in Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities (Hereinafter "Application for Rate Adjustment"). The Application for Rate Adjustment specifically requests an increase in the rate to be paid by the customers of Farmdale's Wastewater Treatment Plant and collection system located in Franklin County, Kentucky (Hereinafter "Farmdale WWTP"), and the approval of a monthly construction surcharge for significant repairs to be performed on the Farmdale WWTP.

2) On March 15, 2006, Farmdale filed a Motion for the Commission to hold an Informal Conference in the above-styled case in order to advise the Commission of the failing status of the remote lift station to the Farmdale WWTP and to request expedited Commission approval of that part of the surcharge (\$30,425) applicable to the remote lift station.

3) Pursuant to Farmdale's request, the Commission scheduled and held an Informal

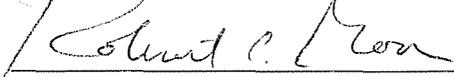
Conference in the above-styled action on April 20, 2006. During the Informal Conference, the Applicant advised the Commission Staff that emergency repairs had been made to the remote lift station to the Farmdale WWTP, that the emergency repairs were necessary in order to keep the remote lift station in operation, that the remote lift station and its equipment were worn out and beyond further repair and that the equipment associated with the remote lift station, as well as the remote lift station itself, needed to be replaced. Furthermore, the Applicant requested that the part of the surcharge associated with the cost to replace the remote lift station (\$30,425) be reviewed and approved by the Commission on an expedited basis. The Commission Staff recommended to the Applicant that an Application for a Certificate of Convenience and Necessity be filed.

5) Pursuant to the recommendation of the Commission Staff, on May 22, 2006, the Applicant filed an Application for Certificate of Convenience and Necessity (Hereinafter "Application for Certificate" requesting the Commission's approval of the replacement of the remote lift station to the Farmdale WWTP at a cost of \$30,425 and the recovery of this cost, plus interest in the amount of \$4,918.00, through a surcharge in the amount of \$3.99 per month to be paid by the ratepayers over a three (3) year period.

6) Farmdale hereby requests approval to file the attached amendment to its Application for Rate Adjustment that is necessary as a result of the filing of the Application for Certificate. The cost to replace the remote lift station, which is the subject of the Application for Certificate, had previously been included in the surcharge requested in the above-styled Application for Rate Adjustment. Accordingly, the Application for Rate Adjustment should be revised to exclude the cost of the replacement of the remote lift station. The Application for

Rate Adjustment was also amended to include legal fees and accountants fees, and to substitute 2005 PSC Report amounts for the 2004 amounts used in the original application.

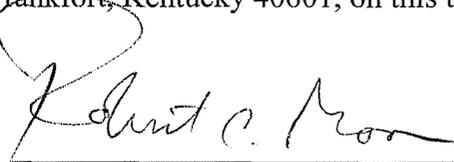
Respectfully Submitted,



Robert C. Moore
Hazelrigg & Cox, LLP
415 West Main Street, 1st Floor
P.O. Box 676
Frankfort, Kentucky 40602-0676

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by first class mail, postage prepaid, on David Edward Spenard, Assistant Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Ky., 40601-8204, Beverly J. Hunt, 304 Peachtree Road, Frankfort, Kentucky 40601-8141, Kenny and Marilyn Glass, 223 Briarwood Drive, Frankfort, Kentucky 40601 and Mary Pennington, 210 Cherry Lane, Frankfort, Kentucky 40601, on this the 14th day of June, 2006.



Robert C. Moore

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AMENDED APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

For Small Utilities
Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

Farmdale Development Corporation

Name of Utility

1706 Bardstown Road

Louisville, KY 40205

Business Mailing Address

Telephone Number 502/ 238-3301

Area Code Number

I. Basic Information

NAME, TITLE, ADDRESS and telephone number of the person to whom
correspondence or communications concerning this application should be directed:

NAME: Carroll F. Cogan

Address: 1706 Bardstown Road

Louisville, KY 40205

Telephone Number: 502/ 238-3301

- | | | | |
|----|---|-----|----|
| 1) | Do you have less than 500 customers? | Yes | XX |
| 2) | Do you have less than \$300,000 in Gross Annual Revenue? | Yes | XX |
| 3) | Has the utility filed an annual report with this Commission for the past year and the two previous years? | Yes | XX |
| 4) | Are the utility's records kept separate from any other commonly-owned enterprise? | Yes | XX |

NOTICE: To be eligible for consideration of a rate adjustment under this regulation, you must have answered yes to either question 1 or 2 and yes to both questions 3 and 4 above. If you answer no to questions 3 or 4, you must obtain written approval from the Commission prior to filing this Application. If these requirements are not met, you must file under the Commission's procedural rules, 807 KAR 5:001.

II. Amended Increased Cost Information

(1) The most recent Annual Report will be used as the basic test period data in order to determine the reasonableness of the proposed rates. The Annual Report used as the basis for this amended rate revision is the one filed with the Commission for the 12 months ending December 31, 2005.

a. If you have reason to believe some of the items of revenue and expense listed in the Annual Report will increase or decrease, please list each item, the expected increase or decrease and the adjusted amount.

Item Per Annual Report	Amount Per Annual Report	Increase (Decrease)	Adjusted Amount
Revenue	\$ 53,979	\$ 47,811	\$ 101,790
Total Revenue	<u>\$ 53,979</u>	<u>\$ 47,811</u>	<u>\$ 101,790</u>
Expense			

Schedule Attached – Exhibit A

Total Expense	<u>\$ 71,326</u>	<u>\$ 19,848</u>	<u>\$ 91,174</u>
Revenue Less Expense	<u>\$(17,347)</u>	<u>\$ 27,963</u>	<u>\$ 10,616</u>

- b. Please describe each item that you adjusted on page 2 and how you know it will change. (Please attach invoices, letters, contracts or receipts which will help in proving the change in cost).

Schedule Attached

- c. Please list your present and proposed rates for each class (i.e., residential, commercial, etc.) of customer and the percentage of increase proposed for each class:

<u>Customer Class</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
Flat Residential Rate	19.05	34.49	81.05%
Monthly Construction Surcharge	0.00	25.43	N/A

III. Amended Other Information

a. Please complete the following questions:

1) Please describe any events or occurrences which may have an effect on this rate review that should be brought to the Commission's attention (e.g., excessive line losses, major repairs, planned construction).

a) System repairs	\$112,560
b) Lagoon pump and clean	58,750
c) Replace remote lift station	30,425
d) Replace chlorine tank	17,225
e) Standby blower motor assembly	9,320
f) Replace diffuser drop pipes	4,120
g) Small plant maintenance	3,050
h) Lift station grating	1,405
i) Supervision	10,445
j) Temporary repairs (see Certificate of Convenience and Necessity)	<u>8,340</u>
	\$255,640
Less Certificate of Convenience and Necessity	<u>(30,425)</u>
	\$225,215

2) Total number of customers as of the date of filing: 246

3) Total amount of increased revenue requested: \$47,811
Total amount of surcharge requested: \$75,072

4) Please circle Yes or No:

a) Does the utility have outstanding indebtedness? No

b) Were all revenues and expenses listed in the Annual Report for 2005 incurred and collected from January 1 to December 31 of that year? Yes

If no, list total revenue and total expense incurred prior to or subsequent to this period and attach invoices or other analysis which show how amounts were arrived at.

- 5) If utility expenses depreciation, attach a copy of the depreciation schedule of utility plant in service.
- 6) If utility is a sewer utility:
 - a) Attach a copy of the latest State and Federal Income Tax Returns.
Copies Attached
 - b) How much of the utility plant was recovered through the sale of lots or other contributions
62.7% \$ or %?
(If unknown, state the reason.)

- b. Please state the reason or reasons why a rate adjustment is requested. (Attach additional pages if necessary).

The current rate is not adequate to cover operating expenses. Also, Farmdale Development Corporation is not able to fund its capital expenditures that are required to meet regulatory standards. Farmdale is requesting a 3-year surcharge to fund those capital costs.

IV. Amended General Information/Customer Notice

1) Filing Requirements:

- a. If the applicant is a corporation, a certified copy of its articles of incorporation must be attached to this application. If the articles and any amendments thereto have already been filed with the Commission in a prior proceeding, it will be sufficient to state that fact in the application and refer to the style and case number of the prior proceeding.
- b. An original and 10 copies of the completed Application should be sent to:

Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602

Telephone: 502/564-3940

- b. One copy of the completed Application should also be sent at the same time to:

Public Service Litigation Branch
Office of the Attorney General
P. O. Box 2000
Frankfort, Kentucky 40602-2000

2) A copy of the customer notice **was filed with the original Application in compliance with the applicable regulation.**

3) Copies of this form and the regulation may be obtained from the Commission's Office of Executive Director; or by calling 502/564-3940.

4) I have read and completed this Application and to the best of my knowledge all the information contained in this Application is true and correct.

Signed: _____

Officer of the Company

Title: _____

Date: _____

[Handwritten Signature]
[Handwritten Title: Pres.]
[Handwritten Date: 06-03-06]

NAME OF UTILITY: Farmdale Development Corporation
 AMENDED INCREASED COST INFORMATION
 EXHIBIT A

EXPENSE	AMOUNT PER ANNUAL REPORT	INCREASE (DECREASE)	ADJUSTED AMOUNT
Management Fee	\$ 9,600.00	\$ -	\$ 9,600.00
Sludge Hauling	2,600.00	-	2,600.00
Utility Service - Water Cost	3,413.00	-	3,413.00
Other - Labor	5,314.00	2,486.00	7,800.00
Fuel and Power	15,303.00	-	15,303.00
Chemicals	2,552.00	-	2,552.00
Routine Maintenance Fee	8,598.00	1,122.00	9,720.00
Maintenance of Collection System	1,635.00	-	1,635.00
Maintenance of Treatment Plant	6,277.00	-	6,277.00
Maintenance of Other Facilities	1,818.00	-	1,818.00
Agency Collection Fee	8,097.00	-	8,097.00
Office Supplies	584.00	-	584.00
Outside Services Employed	2,665.00	-	2,665.00
Insurance Expense	581.00	-	581.00
Regulatory Commission Expense	500.00	(250.00)	250.00
Transportation Expenses	-	-	-
Miscellaneous Expenses	143.00	-	143.00
Rents	600.00	-	600.00
Depreciation	22.00	-	22.00
Amortization	-	3,167.00	3,167.00
Taxes Other Than Income Taxes	1,024.00	-	1,024.00
Income Taxes	-	-	-
Interest Expense	-	13,323.00	13,323.00
TOTAL EXPENSE	\$ 71,326.00	\$ 19,848.00	\$ 91,174.00

Farmdale Development Corporation
Amended Proposed Pro Forma Adjustments
Exhibit B

1. Required weekly testing fee has been increased to \$150 (\$7,800 annual fee). Copy of December 24, 2005, letter advising of increase was filed with original application.
2. The sewer utility has retained Covered Bridge Utilities, Inc., to provide routine maintenance service per attached proposal. The change became necessary when the condition of the treatment plant was not being maintained to Health Department standards by previous contractors.
3. Annual permit fee of \$250 charged by Franklin County Health Department. The 2005 PSC report also includes the 2004 fee.
4. Amortization includes the following amortized over 3 years:

a. Preparation of rate case application by Logsdon & Co., PC, CPAs	\$2,000
b. Preparation of amended rate case application and professional services regarding Petition for Certificate of Convenience and Necessity by Logsdon & Co., PC, CPAs	\$2,500
c. Preparation of Petition for Certificate of Convenience and Necessity and Amended Application for Rate Adjustment by Hazelrigg & Cox, LLP	\$5,000
5. Interest on \$247,300 at 10% for 3 years.

EXHIBIT C
AMENDED RATE AND SURCHARGE CALCULATIONS

<u>Revenue Requirement Determination</u>	
Pro Forma Operating Expenses	\$ 91,174
Less Interest	<u>(13,323)</u>
	\$ 77,851
Divided by: Operating Ratio	<u>88%</u>
	\$ 88,467
Add Interest	<u>13,323</u>
Revenue Requirement from Rates	<u><u>\$ 101,790</u></u>

<u>Increase in Operating Revenue from Rates</u>	
Revenue Requirement from Rates	\$ 101,790
Less: Normalized Operating Revenue from Rates	<u>(53,979)</u>
Requested Increase	<u><u>\$ 47,811</u></u>

<u>Determination of Requested Monthly Rate</u>	
Revenue Requirement from Rates	\$ 101,790
Divided by: 12 Months	<u>12</u>
Monthly Revenue Requirement	\$ 8,483
Divided by: End-of-Period Customer Level	<u>246</u>
Monthly Rate per Customer	<u><u>\$ 34.49</u></u>

<u>Determination of Requested Surcharge Monthly Rate</u>	
Revenue Requirement from Rates	\$ 75,072
Divided by: 12 Months	<u>12</u>
Monthly Surcharge Requirement	\$ 6,256
Divided by: End-of-Period Customer Level	<u>246</u>
Monthly Surcharge per Customer	<u><u>\$ 25.43</u></u>